

ELIGIBILITY TESTS FOR PATENTING¹

by Stephen S. Mosher

A recent Federal Circuit case, *American Axle & Manufacturing, Inc. v. Neapco Holdings LLC, Neapco Drivelines LLC*, Case No. 2018-1763, Opinion Modified July 31, 2020, is now pending a Writ of Certiorari filed December 28, 2020 before the U. S. Supreme Court. Amicus Curiae briefs were filed in the CAFC case and are being filed in the Supreme Court case. It appears that the law of patent eligibility may be facing a showdown.

The CAFC panel of Judges Dyk, Moore, and Taranto, in the opinion filed by Judge Dyk, held that claim 22 of U. S. Pat. No. 7,774,911 is ineligible under 35 U. S. C. §101 and remanded the case to the district court for reconsideration of the eligibility of claim 1. In a vigorous dissent, Judge Moore stated that “[t]he majority makes three critical errors of law and in doing so, has inflated § 101 beyond the statutory language and Supreme Court precedent.”

This case highlights the difficulties of applying the two-part test for patent eligibility under § 101 of the Supreme Court’s *Alice* and *Mayo* precedents when the claims at issue appear to recite an application of an abstract idea such as a law of physics. The ambiguities of this test, which stem from the meaning of the term ‘abstract idea,’ itself an ambiguity, has been a long-standing issue – and a major problem for patent practitioners – since the decisions in *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208 (2014) and *Mayo Collaborative Services v. Prometheus Laboratories, Inc.* 566 U.S. 66 (2012).

THE PRECEDENTIAL LAW

When the Court of Appeals for the Federal Circuit (CAFC) finds a patent claim being reviewed is ineligible under 35 U.S.C. §101, the court routinely asserts one or more of the conclusory rationales from the following list, when the claims do not recite:

- an inventive concept;
- a solution that solves a technological problem;
- an unconventional technological solution to a technological problem;
- an improvement in the operation of a computer’s functionality;
- a specific application of the abstract idea or concept;
- a combination that amounts to significantly more than the abstract idea or concept itself.
- other than routine, conventional, well-understood activities;
- something more than conventional steps, specified at a high level of generality; or
- more than stating the abstract idea or concept embodied in the claim.

Statements like these, discussed at length in the *Manual of Patent Examining Procedure*, Ninth Ed., Rev. 10.2019, June 2020 at Section 2106, appear often in opinions of the CAFC as

¹ The sole purpose of this article is to provide general information. It should not be relied on for legal advice. Readers with specific questions should confer with their independent legal counsel. The opinions expressed herein are the author’s own and do not reflect policies of Whitaker, chalk, Swindle & Schwartz PLLC.

reasons a patent claim at issue failed to satisfy Section 101. The problem with such a claim is that some key element or step has been omitted from the claim. These conclusory statements are used to define the kind of subject matter that should have been included in the claim to enable it to satisfy the “new and useful” condition of Section 101. In short, however, it is not the duty of the court to infer what is not present in the claim because it puts the court in the position of drafting the claim.

These same rationales are quoted at length in the Detailed Actions of patent examiners during an Office Action when rejecting claims under 35 U.S.C. §101. So, how can patent practitioners know whether a claim they have drafted satisfies these attributes without citing Section 102 (novelty) or 103 (non-obviousness) of the invention as support? This is the dilemma presented by the U. S. Supreme Court’s opinions in the *Alice* and *Mayo* cases, respectively 573 U.S. 208 (2014) and 566 U.S. 66 (2012).

Further, even though the U. S. Patent and Trademark Office issued its’ Guidelines on eligibility determinations (and revised them several times), their guidance, according to *In re Rudy* 956 F.3d 1379, 1382 (Fed. Cir. 2020), “is not, itself, the law of patent eligibility, does not carry the force of law, and is not binding on our patent eligibility analysis.”

Why are these conclusory statements the only guidance provided by the courts and the Patent Office in evaluating subject matter eligibility? Should Congress correct this ambiguity in the case law, which relies on conclusory statements to support findings of ineligibility of a claimed invention for patenting? Or, should patent prosecutors take heed and use these suppositions themselves as guidelines for disclosing and claiming inventions? In answering this question, a brief overview of the Patent Statute, Title 35 of the U.S. Code may be instructive.

THE PATENT STATUTE

35 U.S.C §101 states: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any *new and useful* improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title.” Sec. 101 defines the eligibility condition, the utility of an invention, for obtaining a patent. The prior art “conditions and requirements” are Sections 102 (novelty) and 103 (non-obviousness). Emphasis added.

The utility condition of Section 101, the “quality of being “new and useful” in the context of patent eligibility, is not defined in the Patent Statute but generally refers to an invention that solves a problem that is perceived or observed in a process, machine, manufacture, or composition of matter. The solution is something that performs the function(s) of solving the problem, thereby satisfying the intended purpose of the invention. See, e.g., *Patent Law and Policy: Cases and Materials*, by Robert P. Merges, The Michie Company, Charlottesville, VA, ©1992; pp. 147-8.

Perhaps these conclusory statements are the court’s attempts to give meaning to the term “utility” as used in Section 101 of the Patent Statute. Perhaps those of us who are patent practitioners just don’t see the obvious meaning hiding in this forest or grove of mini-definitions.

Or perhaps it is unclear that, to satisfy the utility requirement or condition of Section 101, the claimed invention(s) must satisfy one or more of these conclusory statements when the invention embodies or uses an abstract concept or idea. So, what does the term “new and useful” mean?

DISCUSSION

Section 102 states one the novelty condition for patentability, that a person shall be entitled to a patent unless . . . the invention was known or used by others in this country before the invention thereof by the applicant for patent, or in public use or on sale in this country more than one year prior to the date of the application for patent in the U.S.

Thus, an invention is new “if not known or used” by another in this country before the invention by applicant or “in public use or on sale” more than one year prior to the filing date of applicant’s application for patent for the invention. The key part of Section 102 that defines “new” – i.e. what is novel – is the statement “known or used by others in this country.”

In contrast, as it is used in Section 101, the term “new” suggests that an attribute of utility or usefulness includes the quality of newness – an *improvement* that includes a benefit not previously available. As will become apparent, this quality will become evident in the rationales used by the courts and the Patent Office in finding patent claims eligible for patenting or valid as issued.

The statute, however, says little about what the utility requirement “new and useful” means. Thus, the law of eligibility relies heavily on cases that have adjudicated disputes about inventions that embody abstract ideas or concepts, laws of nature, or mental processes – all of which are defined by the courts as Judicial Exceptions to subject matter that is eligible for patenting. The rationale for excluding such subject matter from patent eligibility is to prevent any and all applications of inventions claiming these kinds of subject matter from being patented.

The courts have determined that these abstract kinds of subject matter may be eligible for patenting only if they meet certain requirements outside the Judicial Exceptions. In deciding numerous cases the courts have developed various tests or criteria to determine eligibility. These tests apply the utility condition as it is construed in the particular case at hand. The various constructions of utility or usefulness include these so-called “conclusory rationales” listed at the outset of this essay.

It is true that these rationales are reminiscent of the “I know it when I see it” test applied when a concise definition or construction defies easy or precise characterization. But each of these conclusory rationales, as tools to measure the condition of utility, are the best means developed to date – for determining whether a claim recites an invention that is eligible for patenting. Each of these conclusory rationales is a way of asking a single question: does an invention rise above the threshold of eligibility?

A REMEDY FOR PRACTITIONERS

So, is there a way to interpret such rationales that supplies more specific guidance to the practitioner in drafting claims that will be less likely to omit the subject matter required by Section 101?

The answer is yes, if the conclusory rationales are organized into Groups I and II and applied in the following way. An eligible claim must satisfy at least one of the attributes of Group I, without any of the defects of Group II.

GROUP I. A claim must include at least one of:

- an inventive concept;
- a solution that solves a technological problem;
- an unconventional technological solution to a technological problem;
- an improvement in the operation of a computer’s functionality;
- a specific application of the abstract idea or concept; or
- a combination that amounts to significantly more than the abstract idea or concept itself.

GROUP II. A claim must not include only:

- routine, conventional, well-understood activities;
- conventional steps, specified at a high level of generality; and
- a statement of the abstract idea or concept embodied in the invention.

Upon inspection, the reasons in Group I are examples of what the court must find recited in a claim. The reasons listed in Group II are examples of what the court finds in a deficient claim – a claim that fails to recite sufficient subject matter to satisfy the condition of eligibility.

Importantly, the guidance suggested in this approach also identifies, in Group I, the kind of disclosure material that must be included in the written description and drawings of the Specification of the application for patent that satisfies the conditions of Section 112.

This guidance for claim drafting may be especially useful in applications seeking patent protection for inventions that utilize programmed computers to perform some intended function. In particular, software – and the algorithms embodied in it – are susceptible as *abstract ideas* to rejections (during examination) or invalidity (during a court trial or PTAB review) based on Section 101 rationales. *Mathematical concepts* are also considered to be abstract ideas.

In another example, applications for inventions that harness *laws of nature* must be carefully drafted to avoid rejection or invalidity findings based on eligibility rationales. The specific application of the law of nature must be carefully and fully disclosed to show how it is truly a “new and useful” device, system, or process.

Finally, methods of doing business that rely on algorithms that mimic *mental processes* or *methods of organizing human activity* must disclose much more than simply defining the results

of the process steps performed by computers and networks to implement them. The algorithmic processes must clearly provide technological solutions to a technological problem as disclosed and claimed in the application for patent.

IS A CHANGE IN THE STATUTE ON THE HORIZON?

At the outset of this essay the question was raised whether Congress should review the Patent Statute for possible amendment to clarify the eligibility provisions as set forth in Section 101. For example, how can the phrase “new and useful” be restated or otherwise defined to provide a brighter line for patent practitioners, examiners, and courts to apply in drafting, examining, and reviewing patent claims that include abstract ideas or concepts to reduce the risk of ineligibility?

As one example, taking a cue from the statements of Group I above, the term “new and useful” might be defined in the following way in Section 100 Definitions, of the Patent Statute:

(k) The term “new and useful” means an invention that provides a specific solution that improves upon a process, machine, manufacture, or composition of matter.

CONCLUSION

Until Congress amends the Patent statute, the take-away from this essay is that patent prosecutors, when drafting applications for patent – the specification, drawings, and the claims – should apply the rationales of Groups I and II to the subject matter and include the necessary disclosure as required by Section 112 of the Patent Statute to ensure the claims will pass muster under Section 101.

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